42

A BILL TO REGULATE AND CONTROL INSURANCE BUSINESS IN THE STATE.

[AS AMENDED BY THE SELECT COMMITTEE.]

[*Words in italics indicate the amendments suggested by the Committee. Omissions are indicated by asterisks.*]

WHEREAS it is expedient to regulate and control insurance business in Mysore; It is hereby enacted at follows:—

PART I.

PRELIMINARY.

Short title, extent and commencement.

1. (*1*) This Act may be called the Insurance Act, 1938.

(*2*) It extends to the whole of Mysore.

(*3*) Nothing in this Act shall apply to any insurance business carried on by the Government.

(*4*) It shall come into force on such date as the Government may, by notification in the official Gazette, appoint in this behalf.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

(*1*) "actuary" means an actuary possessing such qualifications as may be prescribed;

(*2*) "approved securities" means Government securities, securities and debentures issued by District Boards and other local bodies and guaranteed by the Government and any other security specifically declared by the Government as approved for this purpose;

(*3*) "auditor" means a person qualified under the provisions of section 144 of the Mysore Companies Act, 1938, to act as an auditor of companies;

(4) "certified" in relation to any copy or translation of a document required to be furnished by or on behalf of an insurer means certified by a principal officer of the insurer to be a true copy or a correct translation, as the case may be;

(5) "Court" means the principal civil Court of original jurisdiction in a district, and includes the High Court in exercise of its ordinary original civil jurisdiction;

(6) "Government securities" means Government securities as defined in the Mysore Securities Act, 1925;

(7) "insurance company" means any insurer being a company, association or partnership which may be wound up under the Mysore Companies Act, 1938, or to which the Mysore Partnership Act, 1936, applies;

(8) "insurer" means—

(a) any individual or unincorporated body of individuals or body corporate incorporated under the law of any country other than Mysore, carrying on insurance business which—

(i) carries on that business in Mysore, or
(ii) has his or its principal place of business or is domiciled in Mysore;

(b) any body corporate carrying on the business of insurance, which is a body corporate incorporated *under any law for the time being in force in Mysore*; or stands to any such body corporate in the relation of a subsidiary company within the meaning of *the Mysore Companies Act, 1938*, as defined by sub-section (2) of section 2 of that Act,

but does not include an insurance agent licensed under section 42 or a provident society to which the provisions of Part III apply;

(9) "insurance agent" means an insurance agent licensed under section 42 being an individual who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business;

(10) "life insurance business" includes annuity business, that is to say, the business of effecting contracts of insurance for the granting of annuities on human life and, if so provided in the contract of insurance, disability and double indemnity accident benefits;

(*11*) "manager," and "officer" have the meanings assigned to those expressions in clauses (9) and (11) respectively of section 2 of the Mysore Companies Act, 1938;

(*12*) "managing agent" means a person, firm or company entitled to the management of the whole affairs of a company by virtue of an agreement with the company, and under the control and direction of the directors except to the extent, if any, otherwise provided for in the agreement, and includes any person, firm or company occupying such position by whatever name called.

Explanation.—If a person occupying the position of managing agent calls himself manager or managing director, he shall nevertheless be regarded as managing agent for the purposes of section *32* of this Act;

(*13*) "policy-holder" includes the person who is the absolute assignee of the benefits under the policy;

(*14*) "prescribed" means prescribed by rules made under section *114*; and

(*15*) "Superintendent of Insurance" means the officer appointed by the Government to perform the duties of the Superintendent of Insurance under this Act.

PART II.

PROVISIONS APPLICABLE TO INSURERS.

Registration.

3. (*1*) No insurer shall, after the commencement of this Act, begin to carry on any class of insurance business in Mysore, and no insurer carrying on any class of insurance business in Mysore shall, after the expiry of three months from the commencement of this Act, continue to carry on any such business, unless he has obtained from the Superintendent of Insurance a certificate of registration:

* * * *

(*2*) Every application for registration shall be accompanied by—

(*a*) a certified copy of the memorandum and articles of association, where the applicant is a company and incorporated under the Mysore Companies Act, 1938, *or under the Mysore Companies Act, 1917*, or, in the case of any other insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (8) of section 2, a certified

copy of the deed of partnership or of the deed of constitution of the company, as the case may be, or, in the case of an insurer having his principal place of business or domicile outside Mysore, the document specified in clause (*a*) of section 63;

(*b*) the name *and* address, and the occupation, if any, of the directors where the insurer is a company incorporated under the Mysore Companies Act, 1938, *or under the Mysore Companies Act, 1917*, and in the case of an insurer specified in sub-clause (*a*) (*ii*) of clause 8 of section 2 the names and addresses of the proprietors and of the manager in Mysore and in any other case the full address of the principal office of the insurer in Mysore and the names of the directors and the manager at such office and the name and address of some one or more persons resident in Mysore authorized to accept any notice required to be served on the insurer;

(*c*) a statement of the class or classes of insurance business done or to be done, and a statement that the amount required to be deposited by section *7 or section 98* before application for registration is made has been deposited together with a certificate from the Comptroller showing the amount deposited;

(*d*) where the provisions of section 6 *or section 97* apply, a declaration verified by an affidavit made by the principal officer of the insurer authorized in *that* behalf that the provisions of those sections as to working capital have been complied with;

(*e*) *In the case of an insurer having his principal place of business or domicile outside Mysore, a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the laws or practice of that country upon the nationals of Mysore as a condition of carrying on insurance business in that country;*

(*f*) a certified copy of the published prospectus, if any, and of the standard policy forms of the

46

insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate in connection with life insurance business by an actuary that such rates, advantages, terms and conditions are workable and sound:

Provided that in the case of marine, accident and miscellaneous insurance business other than workmen's compensation and motor car insurance, the above requirements regarding prospectus, forms and statement shall be complied with only so far as the prospectus, forms and statements may be available; and

(*g*) the prescribed fee for registration being not more than *one hundred rupees* for each class of business.

(*3*) In the case of any insurer having his principal place of business or domicile outside Mysore, the Superintendent of Insurance shall withhold registration or shall cancel a registration already made, if he is satisfied that in the country in which such insurer has his principal place of business or domicile, *nationals of Mysore* are debarred by the law or practice of the country relating to, *or applied to*, insurance from carrying on the business of insurance, or that any requirement imposed on such insurer under the provisions of section 62 is not satisfied.

(*4*) In the case of any insurer the Superintendent of Insurance shall cancel a registration already made if the insurer fails to comply with the provisions of section 7 *or section 98* as to deposits.

(*5*) When the Superintendent of Insurance withholds or cancels any registration under *sub-section* (*3*) *or* sub-section (4) he shall give notice in writing to the insurer of his decision, and the decision shall take effect on such date as he may specify in that behalf in the notice, such date not being less than one month nor more than two months from the date of the receipt of the notice in the ordinary course of transmission.

(*6*) The Superintendent of Insurance shall, on being satisfied that the applicant has fulfilled all the requirements of the Act, applicable to him, grant the insurer a certificate of registration.

Minimum limits for annuities and other benefits secured by policies of life insurance.

4. (*1*) No insurer, not being a provident society to which, Part III, or a Co-operative Life Insurance Society *or a Mutual Insurance Company* to which Part IV, of this

Act applies, shall pay or undertake to pay on any policy of *life* insurance issued after the commencement of this Act an annuity of *fifty rupees* or less or a gross sum of *rupees five hundred* or less exclusive of any profit or bonus provided that this shall not prevent *an* insurer from converting any policy into a paid up policy of any value or payment of surrender value of any amount.

(*2*) * * * Nothing contained in this section shall apply to group policies, that is to say, policies in respect of a group of persons engaged in the same occupation or kindred occupations under a single employer, *for an aggregate sum of not less than rupees five thousand, under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life.*

Restriction on name of insurer.

5. (*1*) An insurer shall not be registered, by a name identical with that by which an insurer in existence is already registered, or so nearly resembling that name as to be calculated to deceive except when the insurer in existence is in the course of being dissolved and signifies his consent to the Superintendent of Insurance.

(*2*) If an insurer through inadvertance or otherwise, is without such consent as aforesaid registered by a name identical with that by which an insurer already in existence whether previously registered or not is carrying on business or so nearly resembling it as to be calculated to deceive, the first mentioned insurer shall, *if called upon to do so by the Superintendent of Insurance* on the application of the second mentioned insurer, change his name within a time to be fixed by the Superintendent of Insurance.

(*3*) No insurer other than a provident society to which Part III applies, who begins to carry on insurance business after the commencement of this Act, shall adopt as its name and no such insurer carrying on business before the commencement of this Act shall continue after the expiry of six months from the commencement thereof to use as its name any combination of words which includes the word 'provident.'

Requirements as to capital.

6. No insurer *incorporated after, or* who commenced carrying on the business of life insurance in Mysore, whether solely or in common with any other business, after the 1st day of January, 1938, shall be registered unless he has as working capital a net sum of not less than fifty thousand rupees exclusive of the deposits

to be made before registration under sub-section (5) *of section* 7 of this Act, and exclusive in the case of a company of any sums payable as preliminary expenses in the formation of the company.

Deposits.

7. (*1*) Every insurer shall, in respect of the insurance business carried on by him in Mysore, deposit and keep deposited with the Comptroller, for and on behalf of the Government, cash or approved securities, estimated at *the* market * * value of the securities * * * on the day of deposit, of the amount hereafter specified, namely :—

(*a*) where the business done or to be done is life insurance only, two hundred thousand rupees ;

(*b*) where the business done or to be done is fire insurance only, one hundred and fifty thousand rupees ;

(*c*) *where the business done or to be done is marine insurance only, one hundred and fifty thousand rupees* ;

(*d*) where the business done or to be done is accident and miscellaneous insurance including workmen's compensation, and motor car insurance, one hundred and fifty thousand rupees ;

(*e*) where the business done or to be done includes life insurance and any one of the *three* classes specified in clauses (*b*), (*c*) and (*d*), three hundred thousand rupees of which two hundred thousand rupees shall be the deposit for life insurance business ;

(*f*) where the business done or to be done includes life insurance and *any two of the three* classes specified in clauses (*b*), (*c*) and (*d*), four hundred thousand rupees of which two hundred thousand rupees shall be the deposit for life insurance business ;

(*g*) *where the business done or to be done includes life insurance and all the three classes specified in clauses* (*b*), (*c*) *and* (*d*), *four hundred and fifty thousand rupees of which two hundred thousand rupees shall be the deposit for life insurance business* ;

(*h*) where the business done or to be done does not include life insurance but includes *any two of*

the classes specified in clauses (*b*), (*c*) and (*d*), two hundred and fifty thousand rupees; and

(*i*) *where the business done or to be done does not include life insurance but includes all three classes specified in clauses* (*b*), (*c*) *and* (*d*), *three hundred and fifty thousand rupees.*

(*3*) Where the deposit is to be made by an insurer incorporated before, or carrying on the business of insurance in Mysore before, the 1st day of January, 1938, the deposit referred to in sub-section (1) may be made in not more than seven instalments, of which the first shall be not less than one-fourth of the total amount of the deposit and shall be paid before the application for registration is made, the second shall be not less than one-sixth of the balance of the deposit and shall be paid before the 1st day of January, 1940, and the subsequent instalments shall be of not less than the *minimum* amount *required* as the second instalment and shall be paid before the 1st day of January of each succeeding year:

Provided that in the case of insurers, carrying on life insurance business only, the deposit may be made in not more than *twelve* instalments, of which the first shall be not less than *one-eighth* of the total amount of the deposit, and shall be paid before the application for registration is made, the second shall be not less than one-*seventh* of the balance of the deposit, and shall be paid before the *1st* day *of* January, 1940, and the subsequent instalments shall be of not less than * * * * * * *one-tenth of the residue* and shall be paid before the 1st day of January of each succeeding year.

(*4*) Notwithstanding anything contained in sub-section (3), in the case of an insurer not being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (8) of section 2, the deposit referred to in sub-section (1) shall be made in two instalments of which the first shall be not less than one-half of the total amount of the deposit and shall be made before the application for registration is made, and the second shall be made before the expiry of one year from the date of registration.

(*5*) Where the deposit is to be made by an insurer * * * * * * * * * * * * *neither incorporated before, nor carrying on insurance business in Mysore before, the 1st day of January, 1938*, the deposit may be made in instalments of not less than one-fourth the total amount before the application for registration is made, not less

than one-third the balance before the expiry of one year from the commencement of business in Mysore, and not less than *one-half the residue* * * * * before the expiry of two years from the commencement of business in Mysore, and the balance before the expiry of three years from the commencement of business in Mysore :

Provided that in the case of any insurer not being an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (8) of section 2, the deposit shall be made in full before the application for registration is made.

(*6*) No class of insurance business in addition to the class or classes in respect of which an insurer is already liable to make a deposit under sub-section (1) *or sub-section (2)* shall be undertaken by the insurer until the deposit to which he is already liable has been made in full, and the additional deposit required in respect of the additional class of business or so much thereof as under the provisions of sub-section (3), (4) or (5) is to be made before the application for registration, has also been made in full.

(*8*) A deposit made in cash shall be invested * * * by the Comptroller *and shall carry interest at rates sanctioned by the Government from time to time on such deposits* and shall be returnable to the insurer in cash in any case in which under the provisions of this Act a deposit is to be returned; and any interest accruing due *and collected on such deposits and* on securities deposited under sub-section (1) shall be paid to the insurer, subject *in the case of securities*, only to deduction of the normal commission chargeable for the realization of interest.

(*9*) The insurer may at any time * * substitute for securities lodged with the Comptroller under this section other approved securities of equal value at the market rate prevailing at the time of substitution, and the Comptroller shall, *if so requested by a depositor, invest in approved securities the whole or any part of a deposit made originally in cash or the whole or any part of cash received by the Comptroller on sale of or on the maturing of securities lodged by the depositor.*

(*10*) If any part of a deposit made under this section is used in the discharge of any liability of the insurer, the insurer shall deposit such additional sums in cash or approved securities as will make up the amount so used. The insurer shall be deemed to have failed to comply with the requirements of sub-section (1), unless the deficiency is supplied within a period of two months from the date

when the deposit or any part thereof is so used for discharge of liabilities.

Reservation of deposits.

8. (*1*) Any deposit made under section 7 shall be deemed to be part of the assets of the insurer but shall not be susceptible of any assignment or charge; nor shall it be available for the discharge of any liability of the insurer other than liabilities arising out of policies of insurance issued by the insurer so long as any such liabilities remain undischarged; nor shall it be liable to attachment in execution of any decree except a decree *obtained by a policy-holder of the insurer in respect of a debt due upon a policy which debt the policy-holder has failed to realise in any other way.*

(*2*) Where a deposit is made in respect of life insurance business the deposit made in respect thereof shall not be available for the discharge of any liability of the insurer other than liabilities arising out of policies of life insurance issued by the insurer.

Refund of deposits.

9. Where an insurer has ceased to carry on in Mysore any class of insurance business in respect of which a deposit has been made under section 7 and his liabilities in Mysore in respect of business of that class have been satisfied or are otherwise provided for, the court may, on the application of the insurer, order the return to the insurer of so much of the deposit as does not relate to the classes of insurance, if any, which he continues to carry on.

Separation of accounts and funds.

10. (*1*) Where the insurer carries on business of more than one of the classes specified in clauses (*a*), (*b*), (*c*) and (*d*) of sub-section (1) of section 7, he shall keep a separate account of all receipts and payments in respect of each such class of insurance business.

(*2*) Where the insurer carries on the business of life insurance, the excess of receipts over payments in respect of such business shall be carried to and shall form a separate fund to be called the life insurance fund and the deposit made by the insurer in respect of life insurance business shall be deemed to be part of such fund.

(*3*) The life insurance fund shall be as absolutely the security of the life policy-holders as though it belonged to an insurer carrying on no other business than life insurance business and shall not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance

and shall not be applied directly or indirectly *save as provided in section 49* for any purposes other than those of life insurance.

Accounts and balance-sheet.

11. (*1*) Every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (8) of section 2 in respect of all insurance business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in Mysore, shall at the expiration of each calendar year prepare with reference to that year—

(*a*) in accordance with the regulations contained in Part I of the First Schedule, a balance-sheet in the form set forth in Part II of that Schedule;

(*b*) in accordance with the regulations contained in Part I of the Second Schedule, a profit and loss account in the forms set forth in Part II of that Schedule, except where the insurer carries on business of one class only of the classes specified in clauses (*a*), (*b*) *and* (*c*) of sub-section (1) of section 7 and no other business;

(*c*) in respect of each class of insurance business carried on by him in accordance with the regulations contained in Part I of the Third Schedule, a revenue account in the form or forms set forth in Part II of that Schedule applicable to that class of insurance business.

(*2*) Unless the insurer is a company to which the Mysore Companies Act, 1938, applies, the accounts and statements referred to in sub-section (1) shall be signed by the insurer, or in the case of a company by the chairman, if any, and two directors and the principal officer of the company, or in the case of a firm by two partners of the firm, and shall be accompanied by a statement containing the names and descriptions of the persons in charge of the management of the business during the period to which such accounts and statements refer and by a report by such persons on the affairs of the business during that period.

Audit.

12. The balance-sheet, profit and loss account, revenue account and profit and loss appropriation account of every insurer, in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (8) of section 2 in

respect of all insurance business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in Mysore, shall, unless they are subject to audit under the Mysore Companies Act, 1938, be audited annually by an auditor, and the auditor shall in the audit of all such accounts have the powers *of, exercise* the functions vested in, and discharge the duties *and be* subject to *the* liabilities and penalties imposed on, auditors of companies by section 145 of the Mysore Companies Act, 1938.

Acturial report and abstract.

13. (*1*) Every insurer carrying on life insurance business shall, in respect of the life insurance business transacted by him in Mysore, and also in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (8) of section 2 in respect of all life insurance business transacted by him, once at least in every five years cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by him, including a valuation of his liabilities in respect thereto and shall cause an abstract of the report of such actuary to be made in accordance with the regulations contained in Part I of the Fourth Schedule and in conformity with the requirements of Part II of that Schedule.

(*2*) The provisions of sub-section (1) regarding the making of an abstract shall apply whenever at any other time an investigation into the financial condition of the insurer is made with a view to the distribution of profits or an investigation is made of which the results are made public.

(*3*) There shall be appended to every such abstract as is referred to in sub-section (1) or sub-section (2), a certificate signed by the principal officer of the insurer that full and accurate particulars of every policy under which there is a liability either actual or contingent have been furnished to the actuary for the purpose of the investigation.

(*4*) There shall be appended to every such abstract a statement, in conformity with the requirements of Part II of the Fifth Schedule and prepared in accordance with the regulations contained in Part I of that Schedule, of the life insurance business in force at the date to which the accounts of the insurer are made up for the purposes of such abstract:

Provided that, if the investigation referred to in sub-sections (1) and (2) is made annually by any insurer,

the statement need not be appended every year but shall be appended at least once in every five years.

(5) Where an investigation into the financial condition of an insurer is made as at a date other than the expiration of the year of account, the accounts for the period since the expiration of the last year of account and the balance-sheet as at the date at which the investigation is made shall be prepared and audited in the manner provided by this Act.

Register of policies and register of claims.

14. Every insurer, in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (8) of section 2 in respect of all business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in Mysore, shall maintain—

(*a*) a register or record of policies, in which shall be entered, in respect of every policy issued by the insurer, the name and address of the policy-holder, the date when the policy was effected and a record of any transfer, assignment or nomination of which the insurer has notice, and

(*b*) a register or record of claims, in which shall be entered every claim made together with the date of the claim, the name and address of the claimant and the date on which the claim was discharged, or, in the case of a claim which is rejected, the date of rejection and the grounds therefor.

Submission of returns.

15. (*1*) The audited accounts and statements referred to in section 11 and the abstract and statement referred to in section 13 shall be printed, and four copies thereof shall be furnished as returns to the Superintendent of Insurance within six months from the end of the period to which they refer. *The Superintendent of Insurance may extend the time allowed for furnishing the abstract and statement referred to in section 13 by a period not exceeding three months* :

Provided that the said period *of six months* shall in the case of insurers having their principal place of business or domicile outside Mysore and in the case of insurers constituted, incorporated or domiciled in Mysore but also carrying on business outside Mysore be extended by three months, and provided further that the Government may in any case extend the time allowed by this sub-section

for the furnishing of such returns by a further period not exceeding three months.

(2) Of the four copies so furnished one shall be signed in the case of a company by the chairman and two directors and by the principal officer of the company and, if the company has a managing director or managing agent, by that director or managing agent, in the case of a firm, by two partners of the firm, and, in the case of an insurer being an individual, by the insurer himself.

(3) Where the insurer's principal place of business or domicile is outside Mysore, he shall forward to the Superintendent of Insurance, along with the documents referred to in section 11, the balance-sheet, profit and loss account and revenue account and the valuation reports and valuation statements, if any, which the insurer is required to file with the public authority of the country in which the insurer is constituted, incorporated or domiciled or, where such documents are not required to be filed, a certified statement showing the total assets and liabilities of the insurer at the close of the period covered by the said documents and his total income and expenditure during that period.

Returns by insurers established outside Mysore.

16. (1) Where, by the law of the country in which an insurer, not being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (8) of section 2, is constituted, incorporated or domiciled, the insurer is required to prepare and to furnish to a public authority of that country documents of substantially the same nature as the documents required to be furnished as returns in accordance with the provisions of section 15, the provisions of sub-section (2) of this section shall apply to such insurer in lieu of the provisions of sections 11, 12, 13 and 15.

(2) The insurer shall, within the time specified in sub-section (1) of section *15*, furnish to the Superintendent of Insurance four certified copies in the English language of every balance-sheet, account, abstract, report and statement supplied to the public authority referred to in sub-section (1) of this section, and, in addition thereto, four copies in the English language of each of the following statements, namely :—

(*a*) a statement showing the assets held by the insurer in Mysore ;

(*b*) for each class of insurance business carried on by him, a revenue account in the form or

forms set forth in Part II of the Third Schedule applicable to that class of business, showing separately with respect to business transacted by the insurer in Mysore, the details required to be supplied in a revenue account furnished under this clause of this sub-section ;

(*c*) an abstract of the valuation report in respect of all life insurance business transacted by the insurer in Mysore, prepared in the manner required by sub-section (1) of section 13 ; and

(*d*) a declaration in the prescribed form stating that all amounts received by the insurer directly or indirectly whether from his head office or from any other source outside Mysore have been shown in the revenue account except such sums as properly appertain to the capital account.

Exemption from certain provisions of the Mysore Companies Act, 1938.

17. Where an insurer, being a company incorporated under the Mysore Companies Act, 1938 *or under the Mysore Companies Act, 1917*, in any year furnishes his accounts and balance-sheet in accordance with the provisions of section *15*, he may at the same time send to the Registrar of Companies a copy of such accounts and balance-sheet ; and where such copy is so sent it shall not be necessary for the company to file a balance-sheet with the Registrar as required by sub-section (1) of section 134 of that Act and the copy of the accounts and balance sheet so sent shall be dealt with in all respects as if they were filed in accordance with that section.

Furnishing reports.

18. Every insurer shall furnish to the Superintendent of Insurance a certified copy of every report on the affairs of the concern which is submitted to the members or policy-holders of the insurer immediately after its submission to the members or policy-holders, as the case may be.

Abstract of proceedings of general meetings.

19. Every insurer, being a company *or body* incorporated under *any law for the time being in force in Mysore*, shall furnish to the Superintendent of Insurance an abstract of the proceedings of every general meeting within thirty days from the holding of the meeting to which it relates.

Custody and inspection of documents and supply of copies.

20. (*1*) Every return furnished to the Superintendent of Insurance or a certified copy thereof shall be kept by the Superintendent and shall be open to inspection ;

and any person may procure a copy of any such return, or of any part thereof, on payment of a fee of six annas for every hundred words or fractional part thereof required to be copied, *any five figures being deemed equivalent to one word.*

(*2*) A printed or certified copy of the accounts, statements and abstract furnished in accordance with the provisions of section *15* or section *16* shall, on the application of any share-holder or policy-holder made at any time within two years from the date on which the document was so furnished, be supplied to him by the insurer *on payment of such fee as may be prescribed in this behalf under section 113* (*k*), within fourteen days if the insurer is constituted, incorporated or domiciled in Mysore and in any other case within one month of such application.

(*3*) A copy of the memorandum and articles of association of the insurer if a company shall on the application of any policy-holder be supplied to him by the insurer on payment of one rupee.

Powers of Superintendent of Insurance regarding returns.

21. (*1*) If it appears to the Superintendent of Insurance that any return furnished to him under the provisions of this Act is inaccurate or defective in any respect, he may—

(*a*) require from the insurer such further information, certified if he so directs by an auditor or actuary, as he may consider necessary to correct or supplement such return;

(*b*) call upon the insurer *to submit* for his examination at the principal place of business fo the insurer in Mysore any book of account, register or other document or to supply any statement which he may specify in a notice served on the insurer for the purpose;

(*c*) examine any officer of the insurer on oath in relation to the return;

(*d*) decline to accept any such return unless the inaccuracy has been corrected or the deficiency has been supplied before the expiry of one month from the date on which *the* requisition asking for correction *of the inaccuracy* or supply of the deficiency was delivered to the insurer and if he declines to accept any such return, the insurer shall be deemed to have failed to comply with the provisions of section 15 or section 16 relating to the furnishing of returns.

(2) The Court may on the application of an insurer and after hearing the Superintendent cancel any order made by the Superintendent under clause (*a*), (*b*) or (*c*) of sub-section (1) or may direct the acceptance of any return which the Superintendent has declined to accept, if the insurer satisfies the Court that the action of the Superintendent was in the circumstances unreasonable.

Power of Superintendent of Insurance to order revaluation.

22. If it appears to the Superintendent of Insurance that an investigation or valuation to which section 13 refers does not properly indicate the condition of the affairs of the insurer by reason of the faulty basis adopted in the valuation, he may, after giving noice to the insurer and giving him an opportunity to be heard, cause an investigation and valuation to be made at the expense of the insurer by an actuary appointed by the insurer for this purpose and approved by the Superintendent of Insurance.

Evidence of documents.

23. (*1*) Every return furnished to the Superintendent of Insurance, which has been certified by the Superintendent to be a return so furnished, shall be deemed to be a return so furnished.

(*2*) Every document, purporting to be certified by the Superintendent of Insurance to be a copy of a ruturn so furnished, shall be deemed to be a copy of that return and shall be received in evidence as if it were the original return, unless some variation between it and the original return is proved.

Summary of returns to be published.

24. The Government shall every year cause to be published, in such manner as it may direct, a summary of the accounts, balance-sheets, statements, abstracts and other returns under this Act or purporting to be under this Act which have been furnished to the Superintendent of Insurance for the year preceding the year of publication and may append to such summary any note of the Government and any correspondence in relation thereto.

Returns to be published in statutory forms.

25. No insurer shall publish in Mysore any return in a form other than that in which it has been furnished to the Superintendent of Insurance:

Provided that nothing contained in this section shall prevent an insurer from publishing a true and accurate abstract from such return for the purposes of publicity.

Alterations in the particulars furnished with application for registration to be reported.

26. Whenever any alteration occurs or is made which affects any of the matters which are required under the provisions of sub-section (2) of section 3 to accompany an application by an insurer for registration, the insurer

shall forthwith furnish to the Superintendent of Insurance full particulars of such alteration.

INVESTMENT, LOANS AND MANAGEMENT.

Investment of assets *and restriction on loans.*

27. (*1*) Every insurer incorporated or domiciled in Mysore shall, *subject to the provisions of sub-section* (*3*), at all times invest and hold invested assets equivalent to *not less than fifty-five* per cent of the sum of the amount of his liabilities to holders of life insurance polices on account of matured claims and the amount *required* to meet *the liability* on policies of life insurance maturing for payment less the amount of any deposit made under section 7 by the insurer in respect of his life insurance business and less any amount due to the insurer for loans granted by him on policies of life insurance, in the manner following, namely, *twenty-five* per cent of the said sum in Government securities and a further sum equal to not less than *thirty* per cent of the said sum in Government securities or other approved securities.

(*2*) An insurer incorporated or domiciled elsewhere than in Mysore, shall *subject to the provisions of sub-section* (3), at all times invest and hold invested assets equivalent to *not less than* the sum of his liabilities to holders of life insurance policies in Mysore on account of matured claims and the amount *required* to meet *the liability* on policies of life insurance maturing for payment in Mysore, less the amount of any deposit made under section 7 by the insurer in respect of his life insurance business and less any amount due to the insurer on loans granted by him on policies of life insurance in the manner following, namely, *thirty-three and one-third* per cent of the said sum in Government securities, and the balance in Government securities or other approved securities.

(*3*) An insurer carrying on business at the commencement of *this* Act to whom sub-section (1) or sub-section (2) applies shall before the expiry of four years from the commencement of this Act invest the total amount required to be invested by those sub-sections in the manner required thereby :

Provided that of such total amount the insurer shall have invested *not less than one-fourth in securities of the nature specified in sub-section* (*1*) *before the expiry of one year*, not less than one-half before the expiry of two years, and not less than three-fourths before the expiry of three years from the commencement of this Act.

(*4*) The assets required by this section to be held *invested* by an insurer to whom sub-section (2) applies shall be *held in trust for the discharge of claims of the nature referred to in sub-section (2) and shall be vested* in trustees resident in Mysore and approved by the Government by an instrument of trust which shall be executed by the insurer and approved by the Government and shall define the manner in which alone the subject matter of *the* trust shall be dealt with.

Statement of investments of assets.

28. (*1*) Every insurer registered under this Act carrying on the business of life-insurance, not being a provident society, shall twice in every year, namely, *within fourteen days of* the 30th day of June and *within fourteen days of* the 31st day of December, submit to the Superintendent of Insurance a statement showing *as at the said dates the assets held invested* in accordance with section 27 and such statement shall be certified by the principal officer of the insurer.

(*2*) The Superintendent of Insurance shall be entitled at any time to take such steps as he may consider necessary for the inspection or verification of the assets invested in compliance with section 27 and the insurer shall comply with all requisitions made by the Superintendent in that behalf.

Prohibition of loans.

29. No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security *or otherwise*, except loans on life policies issued by him within their surrender value, to any director, manager, managing agent, actuary, auditor or officer of the insurer if a company, or where the insurer is a firm, to any partner therein, or to any other company or firm in which any such director, manager, managing agent, actuary, officer or partner holds the position of a director, manager, managing agent, actuary, officer or partner:

Provided that nothing herein contained shall apply to loans made by an insurer to a banking company:

Provided *further*, that every existing loan to any director, manager, managing agent, auditor, *actuary*, officer *or partner*, notwithstanding any contract to the contrary, *shall* be repaid within one year from the commencement of this Act, and in case of default, such defaulting director, manager, managing agent, *auditor*, *actuary*, officer *or partner* shall cease to hold office *on* the expiry of one year from the commencement of this Act:

Provided further, that nothing in this section shall prohibit a company from granting such loans or advances to a subsidiary company or to any other company of which the company granting the loan or advance is a subsidiary company.

Liability of directors, etc., for loss due to contraventions of sections 27 and 29.

30. If, by reason of a contravention of any of the provisions of section 27 or *section* 29, any loss is sustained by the insurer or by the policy-holders, every director, manager, managing agent, officer or partner who is knowingly a party to such contravention shall, without prejudice to any other penalty to which he may be liable under this Act, be jointly and severally liable to make good the amount of such loss.

Assets of insurer how to be kept.

31. None of the assets in Mysore of any insurer shall, except *in the case of deposits made with the Comptroller under section, or* in so far as *assets* are required to be vested in trustees by sub-section (4) of section 27, be kept otherwise than in the corporate name of the undertaking, if a company, or in the name of the partners, if a firm, or in the name of the proprietor, if an individual.

Limitation on employment of managing agents and on the remuneration payable to them.

32. (*1*) No insurer shall, after the commencement of this Act, appoint *a* managing agent for the conduct of his business.

(*2*) Where any insurer engaged in the business of insurance before the commencement of this Act employs *a* managing agent for the conduct of his business, then, notwithstanding anything to the contrary contained in the Mysore Companies Act, 1938, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such managing agent shall cease to hold office on the expiry of three years from the commencement of this Act and no compensation shall be payable to *him* by the insurer by reason only of the pre-mature termination of *his* employment as managing agent.

(*3*) After the commencement of this Act, notwithstanding anything contained in the Mysore Companies Act, 1938, and notwithstanding anything to the contrary contained in any agreement entered into by an insurer or in the articles of association of an insurer being a company, no insurer shall pay to a managing agent and no managing agent shall accept from an insurer as remuneration for his services as managing agent more than two thousand rupees per month *in all*, including salary *and* commission and other remuneration payable

to and receivable by *him*, for his services as managing agent.

INSPECTION.

Power of Superintendent *of insurance to order inspection.*

33. (*1*) If the Superintendent of Insurance has reason to believe that the interests of the policy-holders of an insurer are in danger or that an insurer is unable to meet his obligations or has made default in complying with any of the provisions of this Act, or that an offence under this Act has been or is likely to be committed by an insurer or any officer of an insurer, or if he receives a requisition in this behalf signed by shareholders of an insurer being a company not less in number than one-tenth of the whole body of shareholders and holding not less than one-tenth of the whole share capital or if he receives a requisition in this behalf signed by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees and supported by an affidavit, he may, after giving notice to the insurer and giving him an opportunity to be heard, appoint an auditor or actuary or both, not being an auditor or actuary in the employ of the insurer, to investigate the affairs of the insurer, or may himself make such investigation.

(*2*) The Court may, on the application of an insurer *and after giving notice to and hearing the Superintendent of Insurance*, forbid such action by the Superintendent, if the insurer satisfies the Court that it is unnecessary in the circumstances.

(*3*) The results of any investigation made under this section shall be embodied in a report of which one copy shall be lodged with the Superintendent of Insurance and one copy shall be furnished to the insurer; and a copy of *such report shall be furnished to the* policy-holders who have sent a requisition for such an investigation.

(*4*) The Superintendent of Insurance may require the insurer to comply within a time to be specified by him (not being less than fifteen days from the receipt of the notice by the insurer) with any directions he may issue to remedy defects disclosed by such inspection.

(*5*) If, as a result of any investigation made under this section, the Superintendent of Insurance is of opinion that it is necessary in the interests of the policy-holders that the business of the insurer should be wound up, or if the insurer fails to comply with any directions issued

under sub-section (4), the Superintendent may, after giving notice to the insurer and giving him an opportunity to be heard, apply to the Court to have the business of the insurer wound up.

Powers of investigator.

34. When any investigation is made in persuance of section 33 the provisions of section 140 of the Mysore Companies Act, 1938, shall apply for the purposes of such investigation as they apply to an investigation made in pursuance of section 138 of that Act, and all expenses of and incidental to such investigation shall be defrayed by the insurer.

AMALGAMATION AND TRANSFER OF INSURANCE BUSINESS.

Amalgamation and transfer of insurance business.

35. (*1*) No life insurance business of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (8) of section 2 shall be transferred to or amalgamated with the life insurance business of any other insurer except in accordance with a scheme prepared under this section and sanctioned by the Court having jurisdiction over one or other of the insurers concerned.

(*2*) Any scheme prepared under this section shall set out the agreement under which the transfer or amalgamation is proposed to be effected, and shall contain such further provisions as may be necessary for giving effect to the scheme.

(*3*) Before an application is made to the Court to sanction any such scheme, notice of the intention to make the application together with a statement of the nature of the amalgamation or transfer, as the case may be, and of the reason therefor shall, at least two months before the application is made, be sent to the Government and certified copies of the following documents shall be furnished to the Government and shall during the two months aforesaid be kept open for the inspection of the members and policy-holders at the principal and branch offices and chief agencies of the insurers concerned, namely :—

(*a*) a draft of the agreement or deed under which it is proposed to effect the amalgamation or transfer;

(*b*) statements of the assets and liabilities of the insurers concerned in such amalgamation or transfer; and

(*c*) the actuarial or other reports on which the scheme was founded including a report by an independent actuary on the proposed amalgamation or transfer.

(*4*) Where an application under *sub-section* (*3*) is made to the Court within three months from the commencement of this Act, the Court may, on application, extend for the insurer whose business is to be transferred to or amalgamated with the business of another insurer, the time allowed for registration and for the payment of the first instalment of the deposit under sections 3 *and* 7 for such period not exceeding nine months as the Court may think fit.

Sanction of amalgamation *and transfer by Court.*

36. When any application such as is referred to in sub-section (3) of section 35 is made to the Court, the Court shall cause, *if* for special reasons *it* so directs, notice of the application to be sent to every person who is the holder of a life policy of *any* insurer concerned and shall cause a statement of the nature and terms of the amalgamation or transfer, as the case may be, to be published in such manner and for such period as it may direct, and, after hearing the directors and such policy-holders as apply to be heard and any other persons whom it considers entitled to be heard, may sanction the arrangement, if it is satisfied that no sufficient objection to the arrangement has been established.

Statements required after amalgamation *and transfer.*

37. Where an amalgamation takes place between any two or more insurers, or where any business of one insurer is transferred to another, whether in accordance with a scheme confirmed by the Court or otherwise, the insurer carrying on the amalgamated business or the insurer to whom the business is transferred, as the case may be, shall, within three months from the date of the completion of the amalgamation or transfer, furnish to the Government—

(*a*) a certified copy of the scheme, agreement or deed under which the amalgamation or transfer has been effected, and

(*b*) a declaration signed by every insurer concerned or in the case of a company by the chairman and the principal officer that to the best of their belief every payment made or to be made to any person whatsoever on account of the amalgamation or transfer is therein fully set

forth, and that no other payments beyond those set forth have been made or are to be made either in money, policies, bonds, valuable securities or other property by or with the knowledge of any parties to the amalgamation or transfer, and

(*c*) where the amalgamation or transfer has not been made in accordance with a scheme confirmed by the Court—

(*i*) certified copies of statements of the assets and liabilities of the insurers concerned, and

(*ii*) certified copies of the actuarial or other reports upon which the agreement or deed was founded.

Assignment or Transfer of Policies and Nominations.

Assignment and transfer *of* life insurance policies.

38. (*1*) A transfer or assignment of a policy of life insurance, whether with or without consideration, may be made only by an endorsement upon the policy itself or by a separate instrument, signed in either case by the transferor or by the assignor or his duly authorized agent and attested by at least one witness, specifically setting forth the fact of transfer or assignment.

(*2*) The transfer or assignment shall be complete and effectual upon the execution of such endorsement or instrument duly attested but shall not be operative as against an insurer and shall not confer upon the transferee or assignee, or his legal representative, any right to sue for the amount of such policy or the moneys secured thereby until a notice in writing of the transfer or assignment has been delivered to the insurer at his principal place of business in Mysore by or on behalf of the transferor or transferee.

(*3*) The date on which the notice referred to in sub-section (2) is delivered to the insurer shall regulate the priority of all claims under a transfer or assignment *as between persons interested in the policy; and where there is more than one instrument of transfer or assignment the priority of the claims under such instruments shall be governed by the order in which the notices referred to in sub-section* (2) *are delivered.*

(*4*) Upon the receipt of the notice referred to in sub-section (2), the insurer shall record the fact of such transfer or assignment together with the date thereof

and the name of the transferee or the assignee and shall, on the request of the person by whom the notice was given, or of the transferee, or assignee, on payment of a fee not exceeding one rupee, grant a written acknowledgment of the receipt of such notice ; and any such acknowledgment shall be conclusive evidence against the insurer that he has duly received the notice to which such acknowledgment relates.

(*5*) From the date of the receipt of the notice referred to in sub-section (2) the insurer shall recognise the transferee or assignee named in the notice as the only person entitled to benefit under the policy, and such person shall be subject to all liabilities and equities to which the transferor or assignor was subject at the date of the transfer or assignment and may institute any proceedings in relation to the policy without obtaining the consent of the transferor or assignor or making him a party to such proceedings.

(*6*) The rights and remedies of the assignee or transferee of a policy of life insurance existing prior to the commencement of this Act shall not be affected by the provisions of this section.

(*7*) Notwithstanding any law or custom having the force of law to the contrary, an assignment in favour of a person made with the condition that it shall be inoperative or that the interest shall pass to some other person on the happening of a specified event during the life of the policy-holder, and an assignment in favour of the survivor or survivors of a number of persons, shall be valid.

Nomination by policy-holder.

39. (*1*) The holder of a policy of life insurance may, when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death.

(*2*) Any such nomination in order to be effectual shall, unless it is incorporated in the text of the policy itself, be made by an endorsement on the policy communicated to the insurer and registered by him in the records relating to the policy and any such nomination may at any time before the policy matures for payment be cancelled or changed by an endorsement or a further endorsement or a will, as the case may be.

(*3*) The insurer may charge a fee not exceeding one rupee for registering any such endorsement and shall furnish to the policy-holder a written acknowledgment of having *registered*.

(*4*) A transfer or assignment of a policy made in accordance with section 38 shall automatically cancel a nomination.

(*5*) Where the policy matures for payment during the life-time of the policy-holder or where the nominee or, if there are more nominees than one, all the nominees die before the policy matures for payment, the amount secured by the policy shall be payable to the policy-holder or his heirs or legal representatives or the holder of a succession certificate, as the case may be.

(*6*) Where *the* nominee or, if there are more nominees than one, a nominee or nominees survive the policy-holder, the amount secured by the policy shall be payable to such survivor or survivors.

COMMISSION AND REBATES AND LICENSING OF AGENTS.

Prohibition of payment by way of commission or otherwise for procuring business.

40. (*1*) No person shall, after the expiry of six months from the commencement of this Act, pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or procuring insurance business to any person except an insurance agent licensed under section 42 or a person acting on behalf of an insurer who for the purposes of insurance business employs licensed insurance agents.

(*2*) No insurance agent licensed under section 42 shall be paid or contract to be paid by way of commission or as remuneration in any form an amount exceeding, in the case of life insurance business, *forty* per cent of the first year's premium payable on any policy or policies effected through him and *five* per cent of *a* renewal premium, or, in the case of business of any other class, *fifteen* per cent of *the* premium:

Provided that insurers, in respect of life insurance business only may pay during the first ten years of their business, to their insurance agents fifty-five per cent of the first year's premium payable on any policy or policies effected through them and six per cent of *the* renewal premiums.

(*3*) Nothing in this section shall prevent the payment under any contract existing prior to *the first* day of January, 1938, of gratuities or renewal commission to an insurance agent or to his representatives after his decease in respect of insurance business effected through him before the said date.

Prohibition of rebates.

41. (*1*) No *person* shall allow or offer to allow, either directly or indirectly, as an inducement to any person to effect or renew an insurance in respect of any kind of risk relating to lives or property, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.

(*2*) *Any person making default* in complying with the provisions of this section, * * * * shall be punishable with fine which may extend to one hundred rupees, *unless the default is made* by a person effecting or renewing *a policy, in which case* he shall be punishable with fine which may extend to fifty rupees only.

Licensing of Insurance agents.

42. (*1*) The Superintendent of Insurance *or an officer authorized by him in this behalf* shall, in the prescribed manner and on payment of the prescribed fee which shall not be more than one rupee, issue to any individual making an application under this section and not suffering from any of the disqualifications hereinafter mentioned, a licence to act as an insurance agent for the purpose of soliciting or procuring insurance business.

(*2*) A licence issued under this section shall entitle the holder to act as an insurance agent for any registered insurer.

(*3*) A licence issued under this section shall expire on the 30th of June in each year, but *shall*, if the applicant does not suffer from any *of the* disqualifications *hereinafter mentioned*, be renewed from year to year on payment of a fee of one rupee.

(*4*) The disqualifications above referred to shall be the following :—

(*a*) that the person is a minor ;

(*b*) that he is found to be of unsound mind by a Court of competent jurisdiction ;

(*c*) that he has been found, *by a Court of competent jurisdiction*, guilty of criminal misappropriation or criminal breach of trust, or cheating ;

(*d*) that in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer it *has been found* that he has been found guilty of or has knowingly participated

in or connived at any fraud, dishonesty or misrepresentation against *an* insurer or *an* assured :

Provided that the disqualification in sub-clause (d) shall, if the Superintendent so directs, cease to operate after the expiry of such period as he may determine.

(*5*) If it be found that an insurance agent suffers from any of the foregoing disqualifications, without prejudice to any other penalty to which he may be liable, the Superintendent of Insurance shall, and if the agent has knowingly contravened any provisions of this Act may, cancel the licence issued to the agent under this section.

Register of Insurance agents.

43. (*1*) Every insurer and every person *who* acting on behalf of an insurer employs licensed *insurance* agents shall maintain a register showing the name and address of every licensed insurance agent appointed by him and the date on which his appointment began and the date, if any, on which his appointment ceased.

(*2*) Any individual not holding a licence issued under section 42 who acts as an insurance agent, shall be punishable with fine which may extend to fifty rupees, and any insurer *who*, or any person acting on behalf of an insurer who, appoints as an insurance agent any individual not so licensed, or transacts any insurance business through any such individual, shall be punishable with fine which may extend to one hundred rupees.

(*3*) The provisions of sub-section (2) shall not take effect until the expiry of six months from the commencement of this Act.

Prohibition of cessation of payments of commission.

44. Notwithstanding anything to the contrary in a contract between *any* person and an insurance agent *licensed under section 42 forfeiting or stopping payment of renewal commission to such insurance agent, no such person shall in respect of life insurance business done, refuse payment to an insurance agent of commission on renewal premiums due to him under the agreement by reason only of the termination of his agreement except for fraud*:

Provided that such agent has served such person continually and exclusively for at least ten years, and provided further that, after his ceasing to act as agent, he does not directly or indirectly solicit or procure insurance business for any other person.

Special Provisions of Law.

Policy not to be called in question on ground of mis-statement after two years.

45. No policy of *life* insurance *effected before the commencement of this Act shall after the expiry of two years from the date of commencement of this Act and no policy of life insurance effected after the coming into force of this Act* shall, after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false.

Application of Mysore law to policies issued in respect of business in Mysore.

46. The holder of a policy of insurance issued by an insurer in respect of insurance business transacted in Mysore after the commencement of this Act shall have the right, notwithstanding anything to the contrary contained in the policy or in any agreement relating thereto, to receive payment in Mysore of any sum secured thereby and to sue for any relief in respect of the policy in any Court of competent jurisdiction in Mysore; and if the suit is brought in Mysore any question of law arising in connection with any such policy shall be determined according to the law in force in Mysore.

Payment of money into Court.

47. (*1*) Where in respect of any policy of life insurance maturing for payment an insurer is of opinion that by reason of conflicting claims to or insufficiency of proof of title to the amount secured thereby or for any other adequate reason it is impossible otherwise for the insurer to obtain a satisfactory discharge for the payment of such amount, the insurer shall, before the expiry of nine months from the date of the maturing of the policy, apply to pay the amount into the Court within the jurisdiction of which is situated the place at which such amount is payable under the terms of the policy or otherwise.

(*2*) A receipt granted by the Court for any such payment shall be a satisfactory discharge to the insurer for the payment of such amount.

(*3*) An application for permission to make a payment into Court under this section shall be made by a petition verified by an affidavit signed by a principal

officer of the insurer setting forth the following particulars, namely :—

(*a*) the name of the insured person and his address ;

(*b*) if the insured person is deceased, the date and place of his death ;

(*c*) the nature of the policy and the amount secured by it ;

(*d*) the name and address of each claimant so far as is known to the insurer with details of every notice of claim received ;

(*e*) the reasons why in the opinion of the insurer a satisfactory discharge cannot be obtained for the payment of the amount ; and

(*f*) the address at which the insurer may be served with notice of any proceeding relating to disposal of the amount paid into Court.

(*4*) An application under this section shall not be entertained by the Court if the application is made before the expiry of six months from the death of the insured, or the maturing of the policy by survival.

(*5*) If it appears to the Court that a satisfactory discharge for the payment of the amount cannot otherwise be obtained by the insurer, it shall allow the amount to be paid into Court and shall invest the amount in Government securities pending its disposal.

(*6*) The insurer shall transmit to the Court every notice of claim received after the making of the application under sub-section (3), and any payment required by the Court as costs of the proceedings or otherwise in connection with the disposal of the amount paid into Court shall as to the cost of the application under sub-section (3) be borne by the insurer and as to any other costs be in the discretion of the Court.

(*7*) The Court shall cause notice to be given to every ascertained claimant of the fact that the amount has been paid into Court, and shall cause notice at the cost of any claimant applying to withdraw the amount to be given to every other ascertained claimant.

(*8*) The Court shall decide all questions relating to the disposal of claims to the amount paid into Court.

Directors of insurers being companies.

48. (*1*) Where the insurer is a company incorporated under the Mysore Companies Act, 1938 *or under the Mysore Companies Act, 1917*, and carries on the business of life insurance, not less than one-fourth of the whole

number of the directors of the company shall be persons having the prescribed qualifications and holding policies of *life* insurance issued by the company, and shall be elected to the Board of Directors of the company in the prescribed manner by the holders of policies of *life* insurance issued by the company.

(*2*) This section shall not take effect until the expiry of one year from the commencement of this Act.

Restriction on dividends and bonuses.

49. No insurer, being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (*8*) of section 2 who carries on the business of life insurance, shall *in respect of such life insurance business* declare or pay any dividend to shareholders or any bonus to policy-holders except out of a surplus ascertained as the result of an actuarial valuation of the assets and liabilities of the insurer.

Notice of options available to the assured on the lapsing of a policy.

50. *An Insurer shall within three months of the lapsing of a policy of life insurance give notice to the policy-holder informing him of the options available to him.*

Supply of copies of proposal *and medical reports.*

51. Every insurer shall, on application by a policy-holder and on payment of a fee not exceeding one rupee, supply to the policy-holder certified copies of the questions *put to him and his answers thereto* contained in his proposal for insurance and in the medical report supplied in connection therewith.

Prohibition of business on dividing *principle.*

52. No insurer shall, *after the commencement of this Act begin, or after three years from that date continue* to carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of *a* distribution of certain sums amongst policies becoming claims within certain time-limits, or on the principle that the premiums payable by *a* policy holder depend wholly or partly on *the* number of policies becoming claims within certain time limits :

Provided *that* nothing in this section shall be deemed to prevent *an* insurer *from* allocating bonuses to holders of policies of life insurance as a result of *a* periodical actuarial valuation either as reversionary additions to the sums insured or as immediate cash bonuses or otherwise :

Provided further that an insurer who continues to carry on insurance business on the dividing principle after the commencement of this Act shall withhold from distribution a sum of not less than forty per cent of the premiums

received during each year after the commencement of this Act in which such business is continued so as to make up the amount required for investment under section 27.

WINDING UP.

Winding up by the Court.

53. (*1*) The Court may order the winding up in accordance with the Mysore Companies Act, 1938, of any insurance company and the provisions of that Act shall, subject to the provisions of this Chapter, apply accordingly.

(*2*) In addition to the grounds on which such an order may be based, the Court may order the winding up of an insurance company—

(*a*) if with the sanction of the Court previously obtained a petition in this behalf is presented by shareholders not less in number than one-tenth of the whole body of shareholders and holding not less than one-tenth of the whole share capital or by not less than fifty policy-holders holding policies of life insurance that have been in force for not less than three years and are of the total value of not less than fifty thousand rupees; or

(*b*) if the Superintendent of Insurance, who is hereby authorised to do so, applies in this behalf to the Court on any of the following grounds, namely:—

(*i*) that the company has failed to deposit or to keep deposited with the Comptroller the amounts required by section 7.

(*ii*) that the company having failed to comply with any requirement of this Act has continued such failure for a period of three months after notice of such failure has been conveyed to the company by the Superintendent of Insurance.

(*iii*) that it appears from the returns furnished under the provisions of this Act or from the results of any investigation made thereunder that the company is insolvent, or

(*iv*) that the continuance of the company is prejudicial to the interests of the policy-holders.

Voluntary winding up.

54. Notwithstanding anything contained in the Mysore Companies Act, 1938, an insurance company shall not be wound up voluntarily except for the purpose of effecting an amalgamation or a re-construction of the company, or on the ground that by reason of its liabilities it cannot continue its business.

Valuation of liabilities.

55. (*1*) In the winding up of an insurance company or in the insolvency of any other insurer the value of the assets and the liabilities of the insurer shall be ascertained in such manner and upon such basis as the liquidator or receiver in insolvency thinks fit, subject, so far as applicable, to the rule contained in the Sixth Schedule and to any directions which may be given by the Court.

(*2*) For the purposes of any reduction by the Court of the amount of the contracts of any insurance company the value of the assets and liabilities of the company and all claims in respect of policies issued by it shall be ascertained in such manner and upon such basis as the Court thinks proper having regard to the rule aforesaid.

(*3*) The rule in the Sixth Schedule shall be of the same force and may be repealed, altered or amended as if it were a rule made in pursuance of section 246 of the Mysore Companies Act, 1938, and rules may be made under that section for the purpose of carrying into effect the provisions of this Act with respect to the winding up of insurance companies.

Application of surplus assets of life insurance fund in liquidation or insolvency.

56. (*1*) In the winding up of an insurance company and in the insolvency of any other insurer the value of the assets and the liabilities of the insurer in respect of life insurance business shall be ascertained separately from the value of any other assets or any other liabilities of the insurer and no such assets shall be applied to the discharge of any liabilities other than those in respect of life insurance business except in so far as those assets exceed the liabilities in respect of life insurance business.

(*2*) In the winding up of an insurance company carrying on the business of life insurance or in the insolvency of any other insurer carrying on such business where any proportion of the profits of the insurer was before the commencement of the winding up or insolvency allocated to policy-holders, if, when the assets and liabilities of the insurer have been ascertained, there is found to be a surplus of assets over liabilities (hereinafter referred to as a *prima facie* surplus) there shall be added to the liabilities of the insurer in respect of the life insurance business an amount equal to such proportion of the *prima facie* surplus as is equivalent to such proportion of the profits allocated to shareholders and policy-holders as was allocated to policy-holders during the ten years immediately preceding the commencement of the winding up and the assets of the insurer shall be deemed to exceed

his liabilities only in so far as those assets exceed those liabilities after such addition :—

Provided that—

(*a*) If in any case there has been no such allocation or if it appears to the Court that by reason of special circumstances it would be inequitable that the amount to be added to the liabilities of the insurer in respect of the life insurance business should be an amount equal to such proportion as aforesaid, the amount to be so added shall be such amount as the Court may direct, and

(*b*) for the purpose of the application of this sub-section to any case where before the commencement of the winding up or insolvency a proportion of such profits as aforesaid of a branch only of the life insurance business in question has been allocated to *policy-holders*, the value of the assets and liabilities of the insurer in respect of that branch shall be separately ascertained in like manner as the value of his assets and liabilities in respect of the life insurance business was ascertained, and the surplus so found, if any, of assets over liabilities shall, for the purpose of determining the amount to be added to the liabilities of the insurer in respect of the life insurance business be deemed to be the *prima facie* surplus.

Winding up of secondary companies.

57. (*1*) Where the insurance business or any part of the insurance business of an insurance company has been transferred to another insurance company under an arrangement in pursuance of which the first mentioned company (in this section referred to as the secondary company) or the creditors thereof has or have claims against the company to which such transfer was made (in this section referred to as the principal company) then, if the principal company is being wound up by or under the supervision of the Court, the Court shall (subject as hereinafter mentioned) order the secondary company to be wound up in conjunction with the principal company and may, by the same or any subsequent order, appoint the same person to be liquidator for the two companies and make provision for such other matters as may seem to the Court necessary with a view to the companies being wound up as if they were one company.

(2) The commencement of winding up of the principal company shall, save as otherwise ordered by the Court, be the commencement of the winding up of the secondary company.

(3) In adjusting the rights and liabilities of the members of the several companies among themselves, the Court shall have regard to the constitution of the companies and to the arrangements entered into between the companies in the same manner as the Court has regard to the rights and liabilities of different classes of contributories in the case of the winding up of a single company or as near thereto as circumstances admit.

(4) Where any company alleged to be secondary is not in process of being wound up at the same time as the principal company to which it is alleged to be secondary, the Court shall not direct the secondary company to be wound up, unless, after hearing all objections (if any) that may be urged by or on behalf of the company against its being wound up, the Court is of opinion that the company is secondary to the principal company and that the winding up of the company in conjunction with the principal company is just and equitable.

(5) An application may be made in relation to the winding up of any secondary company in conjunction with the principal company by any creditor of, or person interested in, the principal or secondary company.

(6) Where a company stands in the relation of a principal company to one insurance company and in the relation of a secondary company to some other insurance company or where there are several insurance companies standing in the relation of secondary companies to one principal company, the Court may deal with any number of such companies together or in separate groups as it thinks most expedient upon the principles laid down in this section.

Schemes for partial winding up of insurance companies.

58. (1) If at any time it appears expedient that the affairs of an insurance company in respect of any class of business comprised in the undertaking of the company should be wound up but that any other class of business comprised in the undertaking should continue to be carried on by the company or be transferred to another insurer, a scheme for such purposes may be prepared and submitted for confirmation of the Court in accordance with the provisions of this Act.

(2) Any scheme prepared under this section shall provide for the allocation and distribution of the assets

and liabilities of the company between any classes of business affected (including the allocation of any surplus assets which may arise on the proposed winding up), for any future rights of every class of policy-holders in respect of their policies and for the manner of winding up any of the affairs of the company which are proposed to be wound up and may contain provisions for altering the memorandum of the company with respect to its objects and such further provisions as may be expedient for giving effect to the scheme.

(*3*) The provisions of this Act relating to the valuation of liabilities of insurers in liquidation and insolvency and to the application of surplus assets of the life insurance fund in liquidation or insolvency shall apply to the winding up of any part of the affairs of a company in accordance with the scheme under this section in like manner as they apply in the winding up of an insurance company, and any scheme under this section may apply with the necessary modifications any of the provisions of the Mysore Companies Act, 1938, relating to the winding up of companies.

(*4*) An order of the Court confirming a scheme under this section whereby the memorandum of a company is altered with respect to its object shall, as respects the alteration, have effect as if it were an order confirmed under section 12 of the Mysore Companies Act, 1938, and the provisions of sections 15 and 16 of that Act shall apply accordingly.

Return of deposits.

59. In the winding up of an insurance company and in the insolvency of any other insurer the liquidator or assignee as the case may be shall apply to the Court for an order for the return of the deposit made by the company under section 7 and the Court shall, on such application, order a return of the deposit subject to such terms and conditions as it shall direct.

Notice of policy values.

60. In the winding up of an insurance company *for the purposes of a cash distribution of the assets* and in the insolvency of any other insurer, the liquidator or assignee as the case may be in the case of all persons appearing by the books of the company *or other insurer* to be entitled to or interested in the policies granted by the company *or other insurer* shall ascertain the value of the liability of the company *or other insurer* to each such person and shall give notice of such value to those persons in such manner as the Court may direct and any person to whom

notice is so given shall be bound by the value so ascertained unless he gives notice of his intention to dispute such value in such manner and within such time as may be specified by a rule or order of the Court.

Power of Court to reduce contracts of insurance.

61. (*1*) Where an insurance company is in liquidation or any other insurer is insolvent, the Court may make an order reducing the amount of the insurance contracts of the company or other insurer upon such terms and subject to such conditions as the Court thinks just.

(*2*) Where a company carrying on the business of life insurance has been proved to be insolvent, the Court may if it thinks fit, in place of making a winding up order reduce the amount of the insurance contracts of the company upon such terms and subject to such conditions as the Court thinks fit.

(*3*) Application for an order under this section may be made either by the liquidator or by or on behalf of the company or by a policy-holder, or by the Superintendent of Insurance and the Superintendent of Insurance and any person whom the Court thinks likely to be affected shall be entitled to be heard on any such application.

Special Provisions Relating to External Companies.

Power of Government to impose reciprocal disabilities on non-Mysore companies.

62. Where, by the law or practice of any country outside Mysore in which an insurer carrying on insurance business in Mysore is constituted, incorporated or domiciled, insurance companies incorporated in Mysore are required as a condition of carrying on insurance business in that country to comply with any special requirement whether as to the keeping of deposits or assets in that country or otherwise which is not imposed upon insurers of that country under this Act, the Government *may* if satisfied of the existence of such special requirement, direct *by notification in the official Gazette* that the same requirement, or requirements as similar thereto as may be, shall be imposed upon insurers of that country as a condition of carrying on the business of insurance in Mysore.

Particulars to be *filed* by insurers established outside Mysore.

63. Every insurer, having his principal place of business or domicile outside Mysore, who establishes a place of business within Mysore, or appoints a representative in Mysore with the object of obtaining insurance

business shall, within three months from the establishment of such place of business or the appointment of such agent, file with the Superintendent of Insurance—

(*a*) a certified copy of the charter, statutes, deed of settlement or memorandum and articles or other instrument constituting or defining the constitution of the insurer, and, if the instrument is not written in the English language, a certified translation thereof,

(*b*) a list of the directors, if the insurer is a company,

(*c*) the name and address of some one or more persons resident in Mysore authorized to accept on behalf of the insurer service of process and any notice required to be served on the insurer, together with a copy of the power of attorney granted to him,

(*d*) the full address of the principal office of the insurer in Mysore,

(*e*) a statement of the classes of insurance business to be carried on by the insurer, and

(*f*) a statement verified by an affidavit setting forth the special requirements, if any, of the nature specified in section 62 imposed in the country of origin of the insurer on Mysore insurers,

and, in the event of any alteration being made in the address of the principal office or in the classes of business to be carried on, or in any instrument here referred to, or in the name of any of the persons here referred to, or in the matters specified in *clause* (*f*) above, the company shall forthwith furnish to the Superintendent of Insurance particulars of such alteration.

Books to be kept by insurers established outside Mysore.

64. Every insurer having his principal place of business or domicile outside Mysore shall keep at his principal office in Mysore such books of account, registers and documents as will enable the accounts, statements and abstracts which he is required under this Act to furnish to the Superintendent of Insurance in respect of the insurance business transacted by him in Mysore to be compiled and, if necessary, checked by the Superintendent of Insurance.

PART III.

PROVIDENT SOCIETIES.

Definition of "provident society."

65. In this Part "provident society" means a person who, or a body of persons whether corporate or incorporate which, receives premiums or contributions for securing annuities on human life or receives premiums or contributions for insuring money to be paid on the happening of any of the following contingencies, namely :—

(*a*) the birth, marriage, death of any person *or* the survival by a person of a stated age or contingency ;
(*b*) failure of issue ;
(*c*) the occurrence of a social, religious or other ceremonial occasion ;
(*d*) loss of or retirement from employment ;
(*e*) disablement in consequence of sickness or accident ;
(*f*) the necessity of providing for the education of a dependant ; and
(*g*) any other contingency which may be prescribed or *which may be* authorised by the Government.

Application of this Part.

66. Nothing in this Part shall apply to a provident society which pays or undertakes to pay on any policy of insurance an annuity exceeding fifty rupees or a gross sum exceeding five hundred rupees exclusive of any profit or bonus :

Provided that for the purposes of this section contracts entered into before the commencement of this Act shall not be taken into consideration and provided further that "policy" includes a series of policies covering one or more of the contingencies specified in section 65.

Name.

67. *No provident society established after the commencement of this Act shall adopt as its name, and no provident society established before the commencement of this Act shall continue after the expiry of six months from the commencement thereof to use as its name, any combination of words which fails to include the word "provident" or which includes the word "life."*

Insurable interest.

68. No provident society shall receive any premium or contribution for insuring money to be paid to any person

other than the person paying such premium or contribution or the wife, husband, child, grandchild, parent, *grand parent*, brother, sister, nephew or niece of such a person.

Dividing business.

69. (*1*) No provident society shall carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution, amongst policies maturing for payment within certain time limits, of certain sums.

(*2*) *The Superintendent of Insurance shall, as soon as possible, take steps to have any provident society which carries on business on the dividing principle wound up* :

Provided that, where any such provident society in existence at the commencement of this Act applies within three months of such commencement to the Superintendent of Insurance for permission to continue carrying on its business with a view meanwhile to re-organize its business in accordance with the provisions of this Act, the Superintendent of Insurance may at his discretion, with due regard to the past history of the society, permit the society to continue business for a period not exceeding two years from the date of receipt of such permission, so however, that no new business on the dividing principle is undertaken by the society.

Registration.

70. (*1*) No provident society shall receive any premium or contribution until it has obtained from the Superintendent of Insurance a certificate of registration.

(*2*) Every application for registration shall be accompanied by—

(*a*) a certified copy of the rules of the society, and when the society is a company incorporated under the Mysore Companies Act, 1938, *or under the Mysore Companies Act, 1917*, a certified copy of the Memorandum and Articles of Association or where the society is not such a company a certified copy of the deed of constitution of the society ;

(*b*) the names and the addresses of the proprietors or directors, and the managers of the society ;

(*c*) a certificate from the Comptroller that the initial deposit referred to in section 73 has been made ; and

(*d*) a declaration verified by an affidavit that the minimum working capital required by section 72 is available.

(*3*) The Superintendent of Insurance may refuse to issue a certificate of registration until he is satisfied that the rules of the society comply with the provisions of this Act and that the minimum working capital required by section 72 is available, but if he is so satisfied he shall register the society and its rules.

(*4*) The Superintendent of Insurance may, after giving previous notice in writing in such manner as he thinks fit specifying the grounds for the proposed cancellation, and allowing the society concerned an opportunity of being heard, apply to the Court and obtain sanction for cancellation of the registration made under this section, —

(*a*) if he is satisfied as the result of an inquiry made under section 87—

(i) that the society is insolvent or is likely to become so, or

(ii) that the business of the society is conducted fraudulently or *is not conducted* in accordance with the rules thereof, or that it is in the interests of the policy-holders that the society should cease to carry on business,

(*b*) if *any of the* deposits required by section 73 has not been made, or

(*c*) if the society, having failed to comply with any requirement of this Act, has continued such failure for a period of one month after notice of such failure has been conveyed to the society by the Superintendent of Insurance:

Provided that the Superintendent of Insurance may, if he thinks fit, instead of applying for cancellation of the registration under sub-clause (*i*) of clause (*a*) of this sub-section make a recommendation to the Court that the contracts of the society should be reduced in such manner and subject to such conditions as he may indicate.

Prohibition of managing agents.

71. *The provisions of section 32 shall apply to provident societies as they apply to insurers.*

Working capital.

72. No provident society *established after the commencement of this Act* shall be registered unless it has a paid up capital sufficient to provide as working capital a net sum of not less than five thousand rupees exclusive of deposits made under this Act and exclusive in the case of a company of any expenses incurred in connection with the formation of the company.

Deposits.

73. (*1*) Every provident society shall, *if established Deposits before the commencement of this Act within one year*

from such commencement, or, if established after the commencement of this Act before the society applies for registration under section 70, deposit and keep deposited with the Comptroller for and on behalf of the Government, cash or approved securities amounting at the market value of the securities on the date of deposit to five thousand rupees, and shall thereafter make each year a further deposit amounting to not less than one-fifth of the gross premium income for the year (including admission fees and other fees received by the society) until the total amount so deposited and kept is fifty thousand rupees.

(*2*) The provisions of sub-sections (*8*), (*9*) and (*10*) of section 7 and of sub-section (*1*) of section 8 shall apply to the deposits made under this section as they apply to deposits made by an insurer.

Rules.

74. Every provident society *established after the commencement of this Act* shall, in its rules, set forth—

(*a*) the name, the object and the location of the registered office of the society;

(*b*) the contingencies or classes of contingency on the happening of which money is to be paid;

(*c*) the conditions to be complied with before, and the payments to be made on, admission to the society;

(*d*) the rates of premium or contribution, and the periods for which or the times at which premiums or contributions are payable;

(*e*) the maximum amount payable to a subscriber or policy-holder;

(*f*) the nature and amounts of the benefits provided for by the society;

(*g*) the circumstances in which a bonus may be paid to a policy-holder;

(*h*) the nature of the evidence required for the proof of the happening of any contingency on which money is to be paid;

(*i*) the circumstances in which policies may be forfeited or renewed or the whole or a part of the premiums *paid* on a policy may be returned, or a surrender value of a policy may be granted;

(*j*) the penalties for delay in paying or failure to pay premiums or contributions;

(*k*) the proportion of the annual income of the society which may be disbursed on and the

provisions to be made for meeting the expenses of the management of the society;

(*l*) the person or persons who or the authority which shall have power to invest the funds of the society;

(*m*) the provisions for appointment of auditors and their remuneration;

(*n*) the procedure to be adopted in altering the rules of the society;

(*o*) unless these are provided for in the articles of association of a society which is a company incorporated under the Mysore Companies Act, 1938, *or under the Mysore Companies Act, 1917.*—

(i) the mode of appointment and removal, the qualification and the powers of a director, manager, secretary or other officer of the society;

(ii) the manner of raising additional capital; and

(iii) the provisions for the holding of general meetings of the members and policy-holders and for the powers to be exercised and the procedure to be followed thereat; and

(*p*) such other matters as may be prescribed.

Amendment of rules.

75. (*1*) No amendment of any rule of a provident society shall be valid until it has been sent to the Superintendent of Insurance and has been registered by him.

(*2*) The Superintendent of Insurance on being satisfied that the proposed amendment is not contrary to the provisions of this Act shall, unless he is of opinion that the amendment unfairly affects the rights of existing members or policy holders of the society, issue to the society an acknowledgment of the registration of the amended rule.

Supply of copy of rules.

76. Every provident society shall on demand deliver free of cost to any member of the society a copy of the rules of the society and to any person other than a member a copy of such rules on the payment of a sum not exceeding one rupee.

Registered office.

77. Every provident society shall have an office (on the outside of which it shall keep displayed its name in a conspicuous position in legible characters) to which all communications and notices may be addressed, and shall give notice to the Superintendent of Insurance of any change in the location thereof within *twenty-eight* days of its occurrence.

Publication of authorised capital to contain also subscribed and paid-up capital.

78. Where any notice, advertisement or other official publication of a provident society contains a statement of the amount of the authorised capital of the society, the publication shall also contain a statement of the amount of the capital which has been subscribed and the amount paid up.

Registers and books.

79. Every provident society shall keep at its registered office—

(*a*) a register of members in which shall be entered the name *and* address, and occupation, if any, of every proprietor, director, manager or secretary and of every member of the society;

(*b*) a register or record of policies in which shall be entered in respect of every policy issued by the society, the name and address of the policy-holder, the date when the policy was effected and a record of any transfer, assignment or nomination of which the society has notice;

(*c*) a register of claims in which shall be entered every claim made, together with the date of the claim, the name and address of the claimant and the date on which the claim is discharged or in the case of a claim which is rejected, the date of rejection and the grounds therefor;

(*d*) a register of agents in which shall be entered the name and address of every agent employed by the society;

(*e*) a cash book in which shall be entered separately for each class of contingency separately specified in section 65 all sums received and expended by the society and the matters in respect of which the receipt or expenditure takes place;

(*f*) *a journal; and*

(*g*) *a ledger.*

Revenue account, balance-sheet and annual statements.

80. (*1*) Every provident society shall, at the expiry of the calendar year, prepare a revenue account and balance-sheet in the prescribed form verified in the prescribed manner, together with a report on the general state of the society's affairs and shall cause the revenue account and balance-sheet to be audited by an auditor and the auditor shall so far as may be in the audit of a provident society have the powers of, exercise the function vested in, and

discharge the duties and be subject to the liabilities imposed on, an auditor of companies by section 145 of the Mysore Companies Act, 1938.

(2) Every provident society shall at the expiry of the calendar year, prepare with respect to that year—

(a) a statement showing separately for each class of contingency separately specified in section 65—

(i) the number of new policies effected, the total amount insured thereby and the total premium income received in respect thereof and the number of existing policies discontinued during the year with the total amount insured thereby, and

(ii) the total amount of claims made and the total amount paid in satisfaction thereof;

(b) a statement showing details of every insurance effected on a life other than the life of the person insuring, and

(c) a statement showing the total amount paid as allowances to agents and canvassers.

Actuarial report and abstract.

81. (1) Every provident society shall, once in every five years, or at such shorter intervals as may be laid down by the rules of the society, cause an investigation to be made into its financial condition including the valuation of its liabilities and assets by an actuary.

(2) The report of the actuary shall contain an abstract in which shall be stated—

(a) the general principles adopted in the valuation, including the method by which the valuation age of lives was ascertained,

(b) the rate at each age of the mortality and any other factor assumed and the annuity values used in valuation,

(c) the reserve values held against policies effected,

(d) the rate of interest assumed, and

(e) the provision made for expenses,

and shall have appended to it a certificate signed by a principal officer of the society that all material necessary for proper valuation has been placed at the disposal of the actuary and that full and accurate particulars of every policy under which there is a liability either actual or contingent have been furnished to the actuary for the purpose of the investigation.

(3) If the actuary finds that the financial condition of the society is such that no surplus exists for distribution

as bonus to the policy-holders or as dividend to the shareholders, he shall state in his report whether in his opinion the society is insolvent and, if so, whether it should be wound up or not, and the extent to which, in his opinion, existing contracts should be modified or existing rates of premium should be adjusted to make good the deficiency in the assets.

Submission of returns to Superintendent of Insurance.

82. (*1*) The revenue account and balance-sheet with the auditor's report thereon and the report on the general state of the society's affairs referred to in sub-section (1) of section *80*, and the statements referred to in sub-section (2) of section *80*, shall be furnished as returns to the Superintendent of Insurance within three months from the end of the period to which they relate and copies of the revenue account and balance-sheet and the auditor's report thereon and of the report on the general state of the society's affairs shall, on the application of any member or policy-holder made within two years from the date on which the document was so furnished, be sent to him within fourteen days from the receipt of the application on payment of a fee of one rupee.

(*2*) All the material necessary for the proper valuation of the liabilities of the society under the provisions of section *81* shall be placed at the disposal of the actuary within three months from the end of the period to which such material relates, and the report and abstract referred to in section *81* shall be furnished as a return to the Superintendent of Insurance within a further period of three months.

(*3*) The provisions of section 17 shall apply to the accounts and balance-sheet of a provident society being a company incorporated under the Mysore Companies Act, *1938, or under the Mysore Companies Act, 1917*, as they apply to the accounts and balance-sheet of an insurer.

Actuarial examination of schemes.

83. (*1*) Every provident society, *established after the commencement of this Act*, shall cause every scheme of insurance which it proposes to put into operation, *and every provident society registered before the commencement of this Act under the Mysore Companies Act, 1938, or under the Mysore Companies Act, 1917, shall cause any new scheme which it proposes to put into operation after such commencement* to be examined by an actuary, and shall not receive any premium or contribution in connection with the scheme until the actuary has certified that

the scheme is sound and such certificate has been forwarded to the Superintendent of Insurance.

(2) The provisions of sub-section (1) shall apply to any alteration of a scheme already in operation, but the Superintendent of Insurance may, if he is of opinion that the alteration unfairly affects the interests of existing policy-holders, prohibit the alteration, and, if he does so, the society shall not put the altered scheme into operation, unless it first discharges to the satisfaction of the Superintendent of Insurance all its liabilities to those of the existing policy-holders who dissent from the alteration.

(3) *Every provident society registered before the commencement of this Act, under the provisions of the Mysore Companies Act, 1917, shall, as soon as may be and in any event before the expiry of six months from the commencement of this Act, submit all schemes of insurance which the society has in operation at the commencement of the Act to examination by an actuary and shall send the report of the actuary thereon to the Superintendent of Insurance.*

(4) The report of the actuary shall state in respect of each scheme whether it is actuarially sound, and, where no actuarial report such as is referred to in section 81 has been made within the two years preceding the examination, the report shall also state whether the assets of the society are sufficient to meet its liabilities under the existing schemes, and, if not, how in the opinion of the actuary the existing contracts should be modified.

(5) If any scheme is reported by the actuary to be actuarially unsound, the Superintendent of Insurance shall give notice to the society prohibiting the operation of the scheme ; and the society shall not receive any premium or contribution or effect any policy in connection with the scheme after the expiry of one month from the receipt of such notice.

(6) Where a scheme is discontinued under the provisions of sub-section (5), the society shall, where its assets are sufficient to meet all existing liabilities, set apart out of its assets the sum sufficient, in the opinion of the actuary, to meet the liabilities incurred under the scheme so discontinued, and, where its assets are not so sufficient, within three months from the date of the discontinuance, apply to the Court for a modification of its existing contracts or failing such modification for the winding up of the society.

Separation of accounts and funds.

84. Where a provident society effects policies of insurance in connection with more than one of the classes of contingency separately specified in section 65, the receipts and payments in respect of each such class shall be recorded in a separate account in the cash book kept in accordance with section 79.

Investment of funds.

85. (*1*) Every provident society shall, unless it already holds invested in Government or other approved securities not less than fifty per cent of the total assets of the society, invest all surplus assets in such securities until the total amount so invested amounts to not less than fifty per cent of the total assets of the society, and shall thereafter keep invested in such securities not less than fifty per cent of the total assets of the society.

(*2*) No funds or investments of a provident society *except a deposit made under section 73* shall be kept otherwise than in the name of the society.

(*3*) No loan shall be made out of the assets of a provident society to any director or officer of the society except on the security of a policy of insurance held in the society and *within its surrender value and* no such loan shall be made to any concern of which a director or officer of the society is a director or partner.

(*4*) Any director or officer of a society which contravenes the provisions of sub-section (3), who is knowingly a party to the contravention, shall without prejudice to any other penalty which he may incur be jointly and severally liable to the society for the amount of the loan, and such amount, together with interest from the date of the loan at such rate not exceeding twelve per cent per annum as the Superintendent of Insurance may fix shall, on application by the Superintendent of Insurance to any civil Court of competent jurisdiction be recoverable by execution as if a decree for such amount had been passed by that Court.

* * * *

Inspection of books.

86. The books of every provident society shall, at all reasonable times, be open to inspection by the Superintendent of Insurance or any person appointed by him in this behalf or by any member or policy-holder of the society who has made an application in this behalf to the Superintendent of Insurance.

Inquiry by or on behalf of Superintendent of Insurance.

87. (*1*) The Superintendent of Insurance shall at least *once* in *two* years and may, if he thinks fit, at any time visit *personally or depute a suitable person to visit*

the principal office of a provident society and inquire into the solvency of the society and the manner in which the business of the society is conducted, or may, after giving notice to the society and giving it an opportunity to be heard, direct such an inquiry to be made by an auditor or actuary appointed by him.

(*2*) For the purposes of any such inquiry, the Superintendent or the auditor or actuary, as the case may be, shall be entitled to examine all books and documents of the society and may demand from the society or any officer of the society such explanations as he may require on any matter relating to the affairs of the society.

(*3*) The results of any such inquiry shall be recorded in a report which shall be kept in the office of the Superintendent and *a copy of the report* shall be sent to the society concerned and shall be open to inspection by any member or policy-holder of the society.

Winding up by Court and voluntary winding up.

88. (*1*) The Court may order the winding up of a provident society being a company incorporated under the Mysore Companies Act, 1938, *or under the Mysore Companies Act, 1917*, and the provisions of *the Mysore Companies Act, 1938*, shall, subject to the provisions of this Part apply accordingly.

(*2*) In addition to the grounds on which such an order may be based, the Court may order the winding up of a provident society, if the registration of the society is cancelled by the Superintendent of Insurance under sub-section (4) of section 70 and he applies for the winding up of the society.

(*3*) A provident society being a company incorporated under the Mysore Companies Act, 1938 *or under the Mysore Companies Act, 1917*, may be wound up voluntarily in accordance with the provisions of *the Mysore Companies Act, 1938*, but shall not be so wound up except for the purpose of effecting an amalgamation or re-construction of the society or on the ground that by reason of its liabilities it cannot continue its business.

(*4*) A provident society not being a company incorporated under the Mysore Companies Act, *1938, or under the Mysore Companies Act, 1917*, may be wound up voluntarily under this Act, if a resolution is passed by the proprietors that the society should be wound up voluntarily for the purpose or on the ground specified in sub-section (3), and the Superintendent of Insurance may, in any case where he has ordered the cancellation of the

registration of a society under sub-section (4) of section 70, order the winding up of the society under this Act.

Reduction of Insurance contracts.

89. The Court may make an order reducing the amount of the insurance contracts of a provident society upon such terms and subject to such conditions as the Court thinks just—

(*a*) if the Superintendent of Insurance, as an alternative to cancelling the registration of a society under sub-section (4) of section 70 applies to the Court in this behalf;

(*b*) if while a society is in liquidation the Court thinks fit;

(*c*) if when a society has been proved to be insolvent the Court thinks fit to do so in place of making an order for the winding up of the society; or

(*d*) if the Court is satisfied on an application made in this behalf by the society supported by the report of an actuary, and after giving the policy-holders an opportunity to be heard that it is desirable to do so.

Appointment of liquidator.

90. (*1*) Where a provident society is to be wound up whether under the Mysore Companies Act, *1938*, or under this Act; the society shall, within seven days from the date of the order of the Court ordering the winding up or the passing of the resolution authorising the winding up, as the case may be, give notice thereof to the Superintendent of Insurance, and, except where the winding up is done by an order of the Court the Superintendent of Insurance shall appoint the liquidator and shall determine the remuneration to be paid to him.

(*2*) Any liquidator so appointed may be removed by the Superintendent of Insurance if satisfied that the duties entrusted to him are not being properly discharged.

Powers of liquidator.

91. (*1*) A liquidator appointed to wind up a society shall have power—

(*a*) to institute or defend any legal proceedings on behalf of the society by his name of office;

(*b*) to determine the contribution to be made by members of the society respectively to the assets of the society;

(*c*) to investigate all claims against the society and to decide questions of priority arising between claimants;

(*d*) to determine by what persons and in what proportion the costs of the liquidation are to be borne;

(*e*) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society;

(*f*) to summon, and enforce the attendance of, witnesses and to compel the production of documents by the same means and as far as may be in the same manner as is provided in the case of a civil Court by the Code of Civil Procedure, 1911; and

(*g*) with the sanction of the Superintendent of Insurance, to employ such establishment and to obtain such assistance from an actuary or an auditor as may be necessary for the discharge of his duties.

(*2*) The liquidator shall, for settling the list of contributories and realising the amount of contributions, have the same powers as an official liquidator appointed by the Court for the winding up of a company under the Mysore Companies Act, *1938*.

Procedure at liquidation.

92. (*1*) As soon as a liquidator is appointed to wind up a society he shall take charge of all property movable or immovable of the society and of all its books and documents.

(*2*) If any proprietor or officer of the society or any other person retains any portion of the assets of the society or fails to deliver to the liquidator any book or document when so required by the liquidator, he shall be punishable with imprisonment which may extend to six months, or with fine which may extend to five hundred rupees, or with both, and the Court may order the delivery of the assets or book or document to the liquidator.

(*3*) The liquidator shall within fifteen days of his appointment send notice by post to all persons who appear to him to be creditors of the society that a meeting of the creditors of the society will be held on a date not being less than twenty-one nor more than twenty-eight days after his appointment, and at a place and hour to be specified in the notice, and shall also advertise notice of the meeting once in the official Gazette and once at least in two newspapers circulating in Mysore.

(*4*) At the meeting so held the creditors shall determine whether an application shall be made for the appointment of any person as liquidator in the place of or jointly with the liquidator already appointed, or for the appointment of a committee of inspection, and, if they so resolve and an application accordingly is made at any time not later than fourteen days after the date of the meeting by any creditor appointed for the purpose at the meeting, the Superintendent of Insurance shall appoint a suitable person *in place of or* jointly with the liquidator already appointed, and, if so desired, a committee of inspection.

(*5*) The committee of inspection shall, subject to any prescribed conditions, have a general power of supervision over the acts of the liquidator and shall have the right to inspect his accounts at all reasonable times.

(*6*) The liquidator shall, with such assistance from an actuary as may be required, ascertain as soon as practicable the amount of the society's liability to every person appearing by the society's books to be entitled to or interested in any policy issued by the society, and shall give notice of the amount so found to each such person in the prescribed manner and each such person on receiving such notice shall be bound by the value so ascertained.

(*7*) The liquidator shall make a valuation of the assets of the society and an estimate of the costs of the winding up, and shall on the basis of these settle the list of contributories.

(*8*) The liquidator shall apply to the Superintendent of Insurance for an order for the return of the deposit made by the society under section *73* and the Superintendent of Insurance shall on such application order the return of the deposit subject to such terms and conditions as he may think fit.

(*9*) In administering and distributing the assets of the society the liquidator shall have regard to any directions that may be given by the creditors or contributories at a general meeting or by the Superintendent of Insurance.

(*10*) The liquidator shall keep books of account in which he shall record the proceedings at all meetings attended by him, all amounts received or expended by him and any other matter that may be prescribed, and these books may, with the sanction of the Superintendent of Insurance, be inspected by any creditor or contributory.

(*11*) If the winding up continues for more than a year, the liquidator shall summon a meeting of the creditors and contributories at the end of the first year and of each succeeding year, and shall lay before them an account of his acts and dealings and of the conduct of the winding up, and that account together with any views expressed thereon by the meeting shall be forwarded by the liquidator to the Superintendent of Insurance.

(*12*) So far as is not otherwise provided herein or is not otherwise prescribed under this Act, the liquidator shall so far as practicable follow the procedure to be followed by an official liquidator appointed by the Court for the winding up of a company under the Mysore Companies Act, *1938*.

Dissolution of provident society.

93. (1) As soon as the affairs of a provident society are fully wound up, the liquidator shall prepare an account of the winding up showing how the winding up has been conducted and the property of the society has been disposed of and shall call a meeting of the members, creditors and contributories for the purpose of laying before it the account and giving any explanation thereof.

(*2*) Notice of the meeting shall be sent to each person individually and shall be advertised in the official Gazette and in at least two newspapers circulating in Mysore.

(*3*) Within one week after the meeting the liquidator shall send to the Superintendent of Insurance a copy of the account and shall report to him the holding of the meeting and its date and shall forward to him a copy of the proceedings of the meeting.

(*4*) The Superintendent of Insurance may return the account to the liquidator if it is incomplete or unsatisfactory and may require the liquidator to carry out any further steps necessary to complete the winding up and the liquidator shall comply with such requirement and shall submit a further report to the Superintendent of Insurance within six months.

(*5*) If the Superintendent of Insurance is satisfied that the affairs of the society have been fully wound up he shall register the account of the liquidator who shall forthwith make over to the Superintendent of Insurance sums, if any, remaining undisposed of; and on the expiry of three months from the registering of the account the Superintendent of Insurance shall declare the society dissolved and cause the dissolution of the society to be

notified in the official Gazette, and the liquidator shall thereupon be discharged from further responsibility.

(6) If within a period of five years from the date on which any sums have been made over to the Superintendent of Insurance under sub-section (5) an order of a Court of competent jurisdiction has not been obtained at the instance of any claimant to such sums for their disposal, the said sums shall become the property of Government.

Nominations and assignments.

94. (1) The provisions of section 38 and section 39 relating to assignment, transfer and nomination in the case of life insurance policies shall, subject to the provisions of this section, apply to policies of insurance issued by any provident society covering any of the contingencies specified in clause (*a*) or clause (*b*) of section 65.

(2) No nomination shall be valid if the person nominated is not the husband, wife, father, mother, *grandparent*, child, grandchild, brother, sister, nephew or niece of the holder of the policy.

PART IV.

MUTUAL INSURANCE COMPANIES AND CO-OPERATIVE LIFE INSURANCE SOCIETIES.

Definitions.

95. (1) In this Part—

(*a*) "Mutual Insurance Company" means an insurer, being a company incorporated under the provisions of the Mysore Companies Act, 1938 *or under the Mysore Companies Act, 1917*, which has no share capital and of which, by its constitution, only and all policy-holders are members ; and

(*b*) "Co-operative Life Insurance Society" means an insurer, being a society registered under the Co-operative Societies Act, 1918, which has no share capital on which dividend or bonus is payable and of which, by its constitution, only *original members on whose application the society is registered* and all policy-holders are members:

Provided that any Co-operative Life Insurance Society in existence at the commencement of this Act shall be allowed a period of one year to comply with the provisions of this Act.

(2) *Notwithstanding anything contained in sub-section* (1), *other Co-operative Societies may be admitted as members of a Co-operative Life Insurance Society, without being eligible to any dividend, profit or bonus.*

(3) The Government may empower the Registrar of Co-operative Societies to register Co-operative Societies for *the* insurance of cattle or crops or both under the provisions of the Co-operative Societies Act in force.

(4) The Government may make rules to govern such societies, and the provisions of this Act, in so far as they are inconsistent with those rules, shall not apply to such societies.

Application of Act to Mutual Insurance Companies and Co-operative *Life* Insurance Societies.

96. The provisions of sections 6 and 7 and of sub-section (2) of section 20, so far as those provisions are inconsistent with the provisions of this Part, shall not apply, and the provisions of this Part shall apply, to Mutual Insurance Companies and Co-operative Life Insurance Societies.

Working Capital of Mutual Insurance Companies and Co-operative *Life* Insurance Societies.

97. No Mutual Insurance Company incorporated after the 31st day of December, 1937, and no Co-operative Life Insurance Society registered after that date under the Co-operative Societies Act, 1918, shall be registered under this Act, unless it has as working capital a sum of fifteen thousand rupees, exclusive of the deposits to be made before or at the time of application for registration in accordance with sub-section (2) of section 98 of this Act and of the preliminary expenses, if any, incurred in the formation of the company or society.

Deposits to be made by Mutual Insurance Companies and Co-operative Life Insurance Societies.

98. (1) Every Mutual Insurance Company and every Co-operative Life Insurance Society shall, in respect of the life insurance business carried on by it in Mysore, deposit and keep deposited with the Comptroller, for and on behalf of the Government, a sum of two hundred thousand rupees in cash or in approved securities estimated at the market value of the securities on the day of deposit.

(2) The deposit referred to in sub-section (1) may be made in instalments, of which the first shall be a payment, made before or at the time the application for registration under this Act is made, of fifteen thousand rupees, and the subsequent instalments shall be annual instalments made before the expiry of each subsequent year of an amount in cash or in approved securities estimated at the market value of the securities on the day

of payment of the instalment, equal to one-third of the gross premium income received in the previous year.

Transferees and assignees of policies not to become members.

99. No transferee or assignee of a policy issued by an insurer to whom this Part applies shall become a member of a Mutual Insurance Company or a Co-operative Life Insurance Society merely by reason of any such transfer or assignment.

Publication of notices and documents of Mutual Insurance Companies *and Co-operative Life Insurance Societies.*

100. Notwithstanding the provisions of section 79 and section 131 of the Mysore Companies Act, 1938, a Mutual Insurance Company *or a Co-operative Life Insurance Society* may, instead of sending the notices and the copies of the balance-sheet, revenue account and other documents which they are required to send to the members under those sections, publish such notices or documents in a newspaper *or* newspapers published in *one of the principal languages of the State circulating therein.*

Supply of documents to members.

101. Every Mutual Insurance Company and Co-operative Life Insurance Society shall, on the application of any member made within two years from the date on which any such document is furnished to the Registrar of Companies under the provisions of section 134 of the Mysore Companies Act, 1938, or to the Registrar of Co-operative Societies, *by whom the Co-operative life Insurance Society is registered,* furnish a copy of the document free of cost to the member within fourteen days of the application.

PART V.

MISCELLANEOUS.

Penalty for default in complying with, or act in contravention of this Act.

102. (*1*) Except as otherwise provided in this Act, any insurer who makes default in complying with or acts in contravention of any requirement of this Act, and where the insurer is a company, any director, managing agent, manager or other officer of the company, or where the insurer is a firm, any partner of the firm who is knowingly a party to the default, shall be punishable with fine which may extend to one thousand rupees and, in the case of a continuing default, with an additional fine which may extend to five hundred rupees for every day during which the default continues.

(2) Any provident society which makes default in complying with any of the requirements of Part III and any director, managing agent, manager, secretary or other

officer of the society who is knowingly a party to the default, shall be punishable with fine which may extend to five hundred rupees or in the case of a continuing default with fine which may extend to two hundred and fifty rupees for every day during which the default continues.

Penalty for transacting insurance business in contravention of sections 3, 6, 7, 97 and 98.

103. (*1*) Any insurer or any person acting on behalf of an insurer, who transacts any class of insurance business in contravention of any of the provisions of section 3, section 6, section 7, *section 97 or section 98*, or does any one or more of the acts constituting the business of insurance in relation to any such class of insurance business shall be punishable with fine which may extend to two thousand rupees.

(*2*) Any person knowingly taking out a policy of insurance with any insurer or person guilty of an offence under sub-section (1) shall be punishable with fine which may extend to five hundred rupees:

Provided that nothing in this section shall apply to the business of re-insurance between the head office of an insurer in Mysore and the head office of an insurer not having an office in Mysore.

Penalty for false statement in document.

104. Whoever, in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Act, wilfully makes a statement false in any material particular, knowing it to be false, shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to one thousand rupees, or with both.

Wrongfully obtaining or withholding property.

105. Any director, managing agent, manager or other officer or employee of an insurer who wrongfully obtains possession of any property of the insurer or having any such property in his possession wrongfully withholds it or wilfully applies it to purposes other than those expressed or authorised by this Act shall, on the complaint of the insurer or any member or any policy-holder thereof, be punishable with fine which may extend to one thousand rupees and may be ordered by the Court trying the offence to deliver up or refund within a time to be fixed by the Court any such property improperly obtained or wrongfully withheld or wilfully misapplied and in default to suffer imprisonment for a period not exceeding two years.

Wrongfully diminishing life-insurance fund.

106. If on the application of an insurer or any member of an insurance company or any policy-holder or

the liquidator of an insurance company (in the event of the insurer being in liquidation) the Court is satisfied that by reason of any contravention of the provisions of this Act the amount of the life insurance fund has been diminished, every person who was at the time of the contravention a director, manager, liquidator or an officer of the insurer shall be deemed in respect of the contravention to have been guilty of misfeasance in relation to the insurer unless he proves that the contravention occurred without his consent or connivance and was not facilitated by any neglect or omission on his part; and the Court shall have all the powers which a Court has under sections 235 and 237 of the Mysore Companies Act, 1938, and shall also have the power to assess the sum by which the amount of the life insurance fund has been diminished by reason of the misfeasance and to order any person guilty thereof to contribute to that fund the whole or any part of that sum by way of compensation.

Previous sanction of the Government for institution of proceedings.

107. *Except where proceedings are* instituted by the Superintendent of Insurance, no proceedings under this Act against an insurer or any director, manager or other officer of an insurer or any person who is liable under *sub-section (2) of section 41* shall be instituted by any person unless he has previous thereto obtained the sanction of the Government to the institution of such proceedings.

Power of Court to grant relief.

108. If in any proceedings, civil or criminal, it appears to the Court hearing the case that a person is or may be liable in respect of negligence, default, breach of duty or breach of trust but that he has acted honestly and reasonably and that having regard to all the circumstances of the case he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the Court may relieve him either wholly or partly from his liability on such terms as it may think fit.

Cognizance of offences.

109. No Court inferior to that of a magistrate of the first class shall try any offence under this Act.

Appeals.

110. (*1*) An appeal shall lie *within thirty days from the date of the order* to the Court having jurisdiction from any of the following orders, namely:—

(*a*) an order under section 3 refusing to register, or cancelling the registration of, an insurer;

(*b*) an order under section 5 directing the insurer to change his name;

(*c*) an order under section 42 cancelling the license issued to an agent ;

(*d*) an order under section 75 refusing to register an amendment of rules ;

(*e*) an order under section 87 directing an enquiry by an auditor or actuary ; or

(*f*) an order made in the course of the winding up or insolvency of an insurer or a provident society.

(*2*) The Court having jurisdiction for the purposes of sub-section (1) shall be the principal Court of civil jurisdiction within whose local limits the principal place of business of the insurer concerned is situate.

(*3*) An appeal shall lie from any order made under sub-section (1) to the authority authorised to hear appeals from the decisions of the Court making the same and the decision on such appeal shall be final.

Service of notices.

111. (*1*) Any process or notice required to be served on an insurer or provident society shall be sufficiently served if addressed to any person registered with the Superintendent of Insurance as a person authorized to accept notices on behalf of the insurer or provident society and left at, or sent by *registered* post to, the address of such person as registered with the Superintendent of Insurance.

(*2*) Any notice or other document which is by this Act required to be sent to any policy-holder may be addressed and sent to the person to whom notices respecting such policy are usually sent and any notice so addressed and sent shall be deemed to be notice to the holder of such policy :

Provided that, where any person claiming to be interested in a policy as transferee, assignee or nominee has given to an insurer or to a provident society notice in writing of his interest, any notice which is by this Act required to be sent to policy-holders shall also be sent to such person at the address specified by him in his notice.

Declaration of interim bonuses.

112. Notwithstanding anything to the contrary contained in this Act an insurer carrying on the business of life insurance shall be at liberty to declare an interim bonus or bonuses to policy-holders whose policies mature for payment by reason of death or otherwise during the intervaluation period on the recommendation of the investigating actuary made at the last preceding valuation.

Acquisition of surrender value by policy.

113. *Where* a definite number of premiums is payable, a policy of life insurance on which all premiums have been paid for three consecutive years shall acquire a guaranteed surrender value and notwithstanding any contract to the contrary shall not lapse by reason of non-payment of further premium but shall notwithstanding such non-payment be kept alive to the extent of its paid up value.

Explanation.—For the purposes of this sub-section the paid up value *of a policy shall be an amount bearing to the total sum assured by the policy the same proportion as the* total of the premiums *already* paid *on the policy* bears to the total of the premiums payable under the policy.

(*2*) A policy *kept alive to the extent of its paid up value under sub-section (1) shall* not participate in *any* profits of the insurer earned after *the conversion of the policy into a paid up policy.*

(*3*) This section shall not apply to—

(*a*) policies in respect of which the sum assured is payable only on the happening of a contingency which may not arise, or

(*b*) where the paid up value will be less than *one hundred rupees, or*

(*c*) where the parties after the default has occurred in the payment of the premium agree in writing to some other arrangement, or

(*d*) to policies in which the surrender value is automatically applied under the terms of the contract to maintaining the policy in force after its lapse through non-payment of premium.

Power of Government to make rules.

114. (*1*) The Government may, subject to the condition of previous publication by notification in the official Gazette, make rules to carry out the purposes of this Act.

(*2*) In particular and without prejudice to the generality of the foregoing power, such rules may prescribe—

(*a*) the qualifications to be possessed by actuaries;

(*b*) the manner in which it shall be determined for the purposes of this Act what is insurance business transacted in Mysore;

(*c*) the procedure to be followed by the Comptroller in dealing with deposits made in pursuance of this Act, including *the receipt of*, the custody of, withdrawal of, *and* payment of interest on

securities lodged as such deposits, and their inspection and verification by the Superintendent of Insurance;

(*d*) the form referred to in clause (*d*) of sub-section (2) of section 16;

(*e*) the manner in which the prospectuses and tables referred to in sub-section (1) of section 41 shall be published and the form in which they shall be drawn up;

(*f*) the matters to be prescribed for the purposes of section 48;

(*g*) the manner in which licenses to act as insurance agents may be issued or cancelled;

(*h*) the contingencies other than those specified in clauses (*a*) to (*f*) of section 65 on the happening of which money may be paid by provident societies;

(*i*) the matters other than those specified in clauses (*a*) to (*o*) of sub-section (1) of section 74 on which a provident society shall make rules;

(*j*) the form of any account, return or register required by Part III and the manner in which such account, return or register shall be verified;

(*k*) subject to the provisions of this Act, the fees payable thereunder and the manner in which they are to be collected; *and*

(*l*) the conditions and the matters which may be prescribed under sub-sections (5), (10) and (12) of section 92.

* * * * *

Alteration of forms.

115. The Government may, on the application or with the consent of an insurer, not being a company, alter the forms contained in the Schedules as respects that insurer, for the purpose of adapting them to the circumstances of that insurer:

Provided that nothing done under this section shall exempt the insurer from supplying all information required under this Act so far as it is possible for the insurer to do so.

Power to exempt from certain requirements.

116. The Government may, by notification in the official Gazette, exempt any insurer constituted, incorporated or domiciled in *another* Indian State *or in British India* from the provisions of section 7 relating to deposits or from the provisions of sub-section (2) of section 27

relating to the keeping of assets in Mysore either absolutely or subject to such conditions or modifications as may be specified in the notification.

Saving of provisions of the Mysore Companies Act, 1938.

117. Nothing in this *Act* shall affect the liability of an insurer being a company to comply with the provisions of the Mysore Companies Act, 1938, in matters not otherwise specifically provided for by this Act.

Provisions applicable to Government Insurance.

118. *Notwithstanding anything contained in sub-section (3) of section 1, the Government may by notification, apply any of the provisions of this Act to the insurance business carried on by the Government.*

Policy forms to be deposited with the Superintendent.

119. Every insurer registered under this Act shall deposit and keep deposited with the Superintendent of Insurance, copies of all *standard* forms of policy contracts issued by him in Mysore.

Determination of market value of securities deposited under this Act.

120. *The market value on the day of deposit of securities deposited in pursuance of any of the provisions of this Act with the Comptroller shall be determined by the Comptroller whose decision shall be final.*

Amendment of Schedule I, Act IV of 1911.

121. *In the First Schedule to the Mysore Limitation Act, 1911, for the entry in the third column relating to article 86, the following entry shall be substituted, namely:—*

"The date of the death of the deceased....."

Amendment of section 130, Act IV of 1918.

122. *To the Exception to section 130 of the Transfer of Property Act, 1918, the following words and figures shall be added, namely:—*

"or affects the provisions of section 38 of the Insurance Act, 1938."